Comment on "Int'l Human Capital Formation: Brain Drain and Brain Gain"

Bernard Franck

Robert F. Owen

Daniel J.B. Mitchell

WEAI-IBEFA meetings

Honolulu: July 1, 2008

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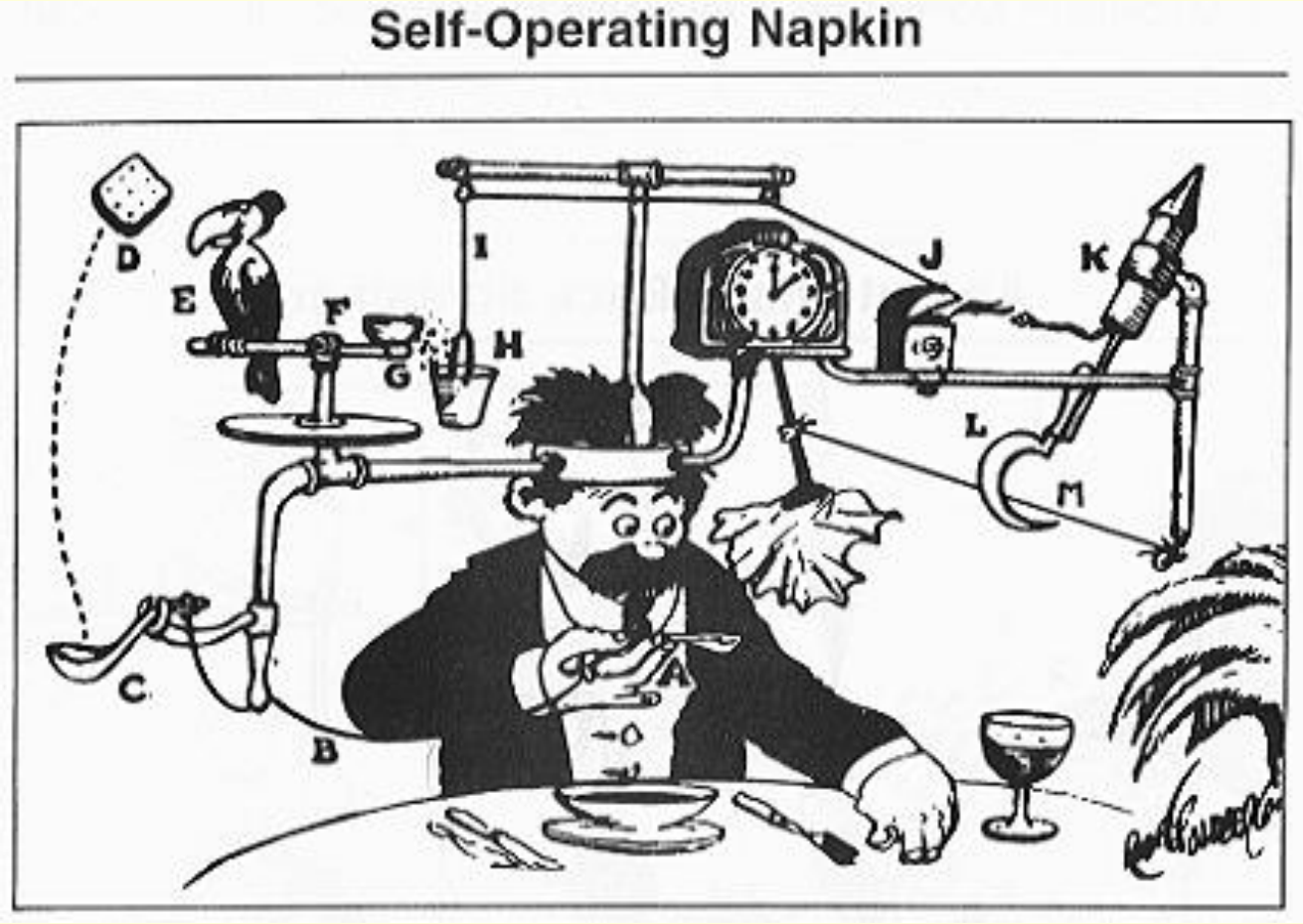
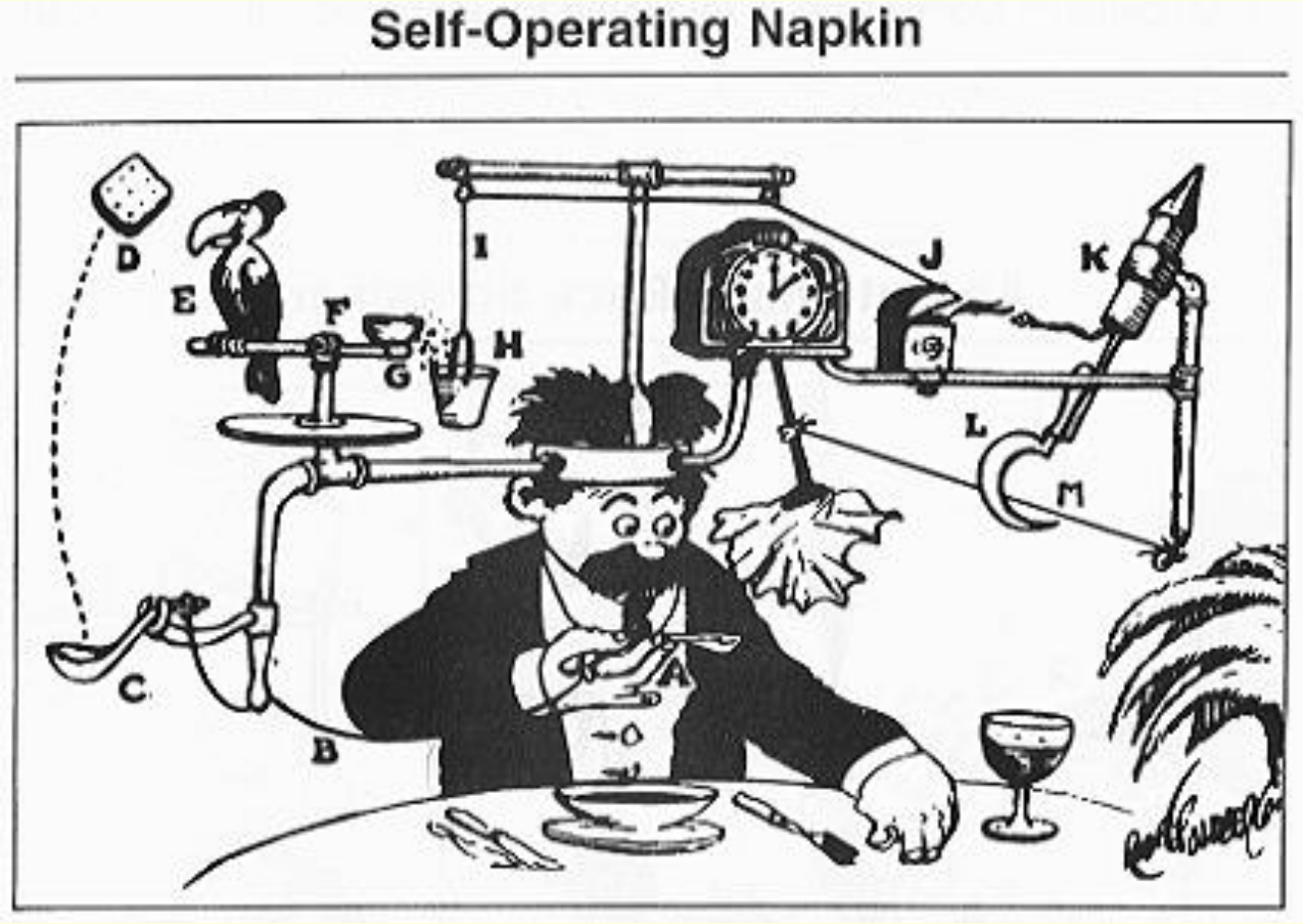
Complicated Machine: *Simple Result*



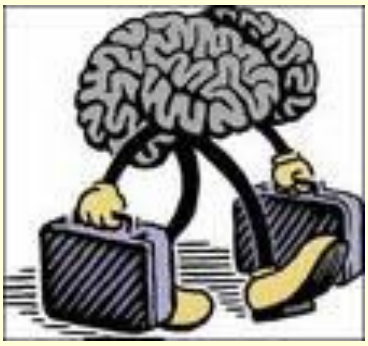
<u>Problem</u>: This never happens in economics.

Complicated Machine: *Simple Result*



“In general, it is very difficult to assert whether the net impact of foreign studies on welfare, through associated brain drain and brain gain effects, will be positive or negative.”

What the model is doing (I think)



- **Brain drain is *Bad*. Students leave home country and don't come back due to better relative opportunity abroad.**
- **Brain gain is *Good*. Students go abroad and get trained but return home because better opportunity abroad is not (probably) available.**
- **Trick is to get the students who go abroad back with as much gain in skill as possible without making them so attractive to the foreign labor market that they stay there.**

Issues

- **Role of remittances. Mentioned in paper but are they in model?**
- **National gains in terms of connections to developed country via diaspora.**
- **Selective policies on returnees (subsidies to attract them back). In model?**
- **Backfilling of students drawn abroad by others who replace them at home. (Those who go to MIT make places available at IIT.)**
- **Job rationing in the developing economy. Model uses probabilistic approach to getting a job abroad. What about at home?**

Can we say from model is this good or bad for Philippines?

4 min.

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